

Oil and Gas Leasing: Planning and Environmental Assessment *Questions and Answers*

Q: Why is BLM offering parcels for oil and gas leasing?

A: Congress directed the BLM to make public lands available for oil and gas leasing. The BLM is a multiple use agency. This means that in addition to managing for uses like recreation and livestock grazing, we also have to consider developing mineral resources such as oil and gas. Each BLM field office manages all resources under a resource management plan (RMP). The RMP outlines management decisions for the office such as allocating lands that are available for oil and gas leasing, and what restrictions will be placed on leases to protect sensitive resources.

Regardless of the type of use, the BLM analyzes impacts to resources according to the National Environmental Policy Act.

Q: Why does the BLM conduct an Environmental Assessment (EA) for oil and gas lease sales?

A: The lease sale EA analyzes specific parcels to determine what reasonably foreseeable impacts may occur from leasing. The EA also gives the public and the BLM a way to look closer at individual parcels and see if conditions have changed since the area was identified for oil and gas development in the field office's RMP. An EA augments the decisions made in an RMP with current on-the-ground information. As a result, the BLM may decide to defer leasing in some areas for further analysis.

Q: Will the leases analyzed in the EA be developed?

A: Not necessarily. Although a lease gives the lease holder the right to explore and develop the parcel's minerals, the decision made through a preliminary EA is only to offer specific parcels for sale. Many parcels that are sold at a lease sale are never developed.

Once a parcel is sold, an application permit to drill (APD) must be submitted before any development can occur. When, and if, an APD is submitted, the BLM will conduct further environmental reviews to study the lease holder's plans for developing the lease.

Q: What is the difference between an Expression of Interest (EOI) and a Presale Noncompetitive Offer?

A: An EOI is an informal nomination for lands to appear on a competitive oil and gas auction. A presale noncompetitive offer is a pre-sale offer in which advanced rental is paid along with a filing fee. If no bid is received at the sale, the lease issues to the applicant for the \$1.50 an acre rental plus a \$2.00 per acre bonus bid. At the present time, we are able to work EOI's and Presale's within the same time frames. However, in situations where time is critical the Presale's will take priority.



Q: What is the BLM's policy for releasing information on who submits an EOI? Can we get this information before the sale?

A: The BLM publishes EOI submissions on our website and are available before the lease sale occurs. EOI submitters who prefer their name and address to be kept confidential are not required to include that information in their EOI submission.

Q: What is the primary term on a federal oil and gas lease?

A: Noncompetitive leases have a primary term of 10 years. Competitive leases issued prior to the Energy Policy Act of October 24, 1992, have a primary term of five years. Section 2509 of this act changed the primary term of subsequently issued competitive leases to 10 years.

Q: What are the filing fees associated with oil and gas leases?

A: The fees for filing a Noncompetitive offer are a \$380 filing fee and the rental of \$1.50 an acre (remember to round up your acreage). If you are filing an Assignment of Record Title, transfer of Operating Rights there is an \$85 filing fee for each lease you are filing on and Overriding Royalty has a \$10 fee for each lease you are filing on.

Q: What is the minimum per acre price for an oil and gas lease? What is the rental fee?

A: There are two parts of an oil and gas lease bid. There is a required \$1.50 per acre rental and a \$2.00 per acre minimum bonus bid. The bonus bid is determined at auction by the highest bidder, but cannot be lower than \$2.00 per acre.

Q: How soon will an EOI come up on a sale?

A: If the minerals are BLM public domain lands it takes anywhere from nine to 21 months to appear on a sale depending on where the parcel is located and the time of the year the nomination is submitted. This is longer for lands with different surface managing agencies.

Q: Why does it take so long?

A: The BLM analyzes and accepts public input on nominated parcels nine to 21 months in advance of a sale. We stop accepting EOIs for inclusion in a sale approximately 40 weeks before the sale. EOIs filed after that date are moved into the next sale. We are also required (43 CFR 3120.4-2) to post the Notice of Competitive Sale and have the plats notated 90 days prior to the sale.

Q: How can I provide effective comments during the environmental analysis?

A: The most effective comments are specific to the area and the natural resources involved. If you decide to comment on a preliminary EA, consider referring to specific parcels and the associated resources on those parcels.

Q: May I protest BLM's decision to offer the lands in a Notice for Lease?

A: Yes, under regulation 43 CFR 3120.1-3, you may protest the inclusion of a parcel listed in a lease sale notice. All protests must meet the following requirements:

The BLM Colorado State Office must receive a protest no later than close of business on the 30th calendar day after the posting of the notice of the lease sale. No protests should be received by BLM district or field offices. All protests must be received by the Colorado State Office, located at 2850 Youngfield St., Lakewood, CO 80215. If the office is not open on the 30th day after the posting of the sale notice, a protest received on the next day our office is open to the public will be considered timely filed. Close of business for the Colorado State Office is 4:00 p.m., which is when the Public Room closes. The protest must also include a statement of reasons to support the protest. We will dismiss a late-filed protest, a protest filed without a statement of reasons, or a protest listing the internal four-digit parcel ID number.

You may file a protest by mail in hardcopy form or by fax directly to the BLM Colorado State Office. You may not file a protest by electronic mail. A protest filed by fax must be sent to 303-239-3799. A protest sent to a fax number other than the fax number identified or a protest filed by electronic mail will be dismissed.

If the party signing the protest is doing so on behalf of an association, partnership or corporation, the signing party must reveal the relationship between them. For example, unless an environmental group authorizes an individual member of its group to act for it, the individual cannot make a protest in the group's name.

Q: Can an individual or group bid for an oil and gas lease to keep it from being developed?

A: Yes. Any qualified U.S. citizen can bid. All leases require development within the initial 10-year term or they are terminated.